

**Prepared Statement of Raymond W. Heinen  
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Commissioner Shulman, Ms. Hawkins, Mr. Ernst, Ladies and Gentlemen:

Thank you for allowing me to make a contribution to this forum. It has been my privilege to work in the professions of the military, medicine, insurance and now tax preparation. I submit that the IRS must consider the impact of both licensure and credentialing on this evolving profession of tax preparation. They, licensing and credentialing, are not synonymous; however, they are often confused by and confusing to the public. Each of the aforementioned professions has elements of both licensure and credentialing.

In the military, an enlisted person and an officer takes an oath "I solemnly swear ..." to support and defend our country. This oath binds them to a code of conduct and the profession of arms in support of our country and our freedoms. Only then are they provided with the training that equips them to fulfill their oath. In the case of Air Force Pilots, they must have a college degree, undergraduate pilot training (UPT), training in their specific aircraft, and periodic renewal of "licensure" as a pilot by undergoing "check rides" from designated, qualified testing officials. Continued training and proficiency are required.

The insurance industry, through state licensure laws, licenses personnel in the disciplines of property, casualty, life, health and in some cases "excess lines". In order to qualify for these licenses a person must take courses which prepare him/her to take a qualifying test in each of these disciplines. Reciprocity is available between most states. There are a number of "credentials" which insurance personnel usually pursue. Two of the most common are the CPCU (Chartered Property Casualty Underwriter) and CLU (Chartered Life Underwriter). These credentials require further study and testing to achieve the designations. Continuing education is required to maintain the license and credential/designation.

In medicine, there is a plethora of training, education and credentialing mechanisms. For instance, Allopathic Physicians undergo many years of training at the Undergraduate, Medical School, Rotating Internship, Specialty Residency, and Fellowship levels. Such a physician may spend between three (3) and ten (10) years in training beyond the basic Bachelor's Degree. However, each of them signs "M.D" after their name and is referred to as "Doctor". Adding to the confusion is the fact that Osteopathic Physicians, Chiropractors, Dentists, and Veterinarians are also accorded the title "Doctor". Consider the fact that medicine has been practiced since the middle ages and continues to grow in sophistication. Each state, with varying levels of credentialing expertise, oversight and sophistication awards "licenses" to practitioners of the healing arts. Supervision of these practitioners is another matter. Oddly enough, loss of licensure in one jurisdiction does not mean loss of licensure in another. (Incidentally, although

every physician has M.D. behind his/her name, we would probably not ask a Urologist to set our arm or leg.)

Please allow me to dispel, or at least question, some assumptions which may have crept into the dialog regarding the unenrolled preparer community:

1. Because they are unenrolled they are either unprepared or uninformed;
2. Because they are unenrolled they are incompetent or fraudulent;
3. Because they are unenrolled they are unscrupulous or corrupt;
4. There is little or no difference between human error and criminal behavior;
5. Enrollment will solve all the problems of tax administration; and
6. Because a person holds a degree, license, or credential, they are *de facto* qualified to perform in that discipline.

I do not believe licensure or credentialing will ferret out all of the unprofessional practitioners or behavior – only scrutiny of the returns processed and prosecution of offenders will root out misbehavior.

I would like to go on record as supporting a mechanism for either licensing or credentialing tax preparation professionals. A comprehensive tax administration program for practitioners might include the following:

1. Background checking to discover disqualifying past behavior, especially financial misbehavior;
2. Initial training and certification—by IRS or multiple providers, which meet IRS guidelines;
3. Selection of multiple testing facilities, if not accomplished by the IRS;
4. Licensure;
5. Credentialing in a specific area of tax preparation;
6. Training/continuing education required for re-licensure;
7. Peer Review;
8. Periodic Re-Testing; and
9. Office of Professional Responsibility (OPR) Oversight.

Thank you for allowing me to present one man's opinion. I believe that "Freedom is not free" – It is paid for with the Blood of Patriots. Our government and way of life are not free, either; they must be paid for, hopefully by every participant in our democracy -- on an equitable basis. Vigilance is the price of freedom. Oversight is the price of equitable tax administration.

Raymond W. Heinen